



Division of Mine Reclamation

Report to the Legislature

MINE RECLAMATION ACCOUNT EXPENDITURES

Reporting Period: July 1, 2016 to June 30, 2021

Prepared pursuant to PRC Section 2207.2 as amended by Assembly Bill 1142 (Gray, Chapter 7, Statutes of 2016) and Senate Bill 809 (Chapter 521, Statutes of 2017)

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EXECUTIVE SUMMARY

This report is submitted to satisfy a requirement of Senate Bill (SB) 809 (Chapter 521, Statutes of 2017). The supervisor of the Division of Mine Reclamation (DMR) is required to submit a report to the California State Legislature on the expenditure of moneys in the Mine Reclamation Account (MRA), created pursuant to Public Resources Code (PRC) section 2207. The reporting requirement is found at PRC section 2207.2, which provides:

"No later than December 31, 2021, the supervisor shall report to the Legislature on the expenditure of moneys in the Mine Reclamation Account, created pursuant to Section 2207. The report shall include all of the following: (1) An overview of how the moneys expended over the prior five fiscal years have been allocated between classification and designation of areas with mineral resources of statewide or regional significance, reclamation plan and financial assurance review, lead agency support and assistance, annual report processing, support for the board, enforcement, and any other activities that constituted more than 5 percent of expenditures. (2) Information on the portion of the fees that have been collected from small construction aggregate providers with under 50,000 tons of production. (3) Information on the percentage of the fees that have been paid by metallic mineral operations."

This report covers Fiscal Years (FY) 2016/17 through 2020/21, per PRC 2207.2.

INTRODUCTION

History of recent legislation affecting the Mine Reclamation Account

In 2016, two concurrent bills were introduced to the legislature related to surface mining and geology. Assembly Bill (AB) 1142 (Gray, Chapter 7, Statutes of 2016) and SB 209 (Pavley, Chapter 8, Statutes of 2016) both sought to revise the Surface Mine and Reclamation Act of 1975 (SMARA) after former Governor Edmund G. Brown Jr. called for a reformation of the SMARA in 2013.ⁱ The result was two separate bills that, taken together, made significant changes to SMARA and the MRA.



SB 209 amended section 2207(d)(1) to read:

(d) (1) The Board shall impose, by regulation, pursuant to paragraph (2), an annual reporting fee on, and method for collecting annual fees from, each active or idle mining operation. The maximum fee for any single mining operation may not exceed ten thousand dollars (\$10,000) annually and may not be less than one hundred dollars (\$100) annually, as adjusted for the cost of living as measured by the California Consumer Price Index for all urban consumers, calendar year averages, using the percentage change in the previous year, except that the maximum fee for any single mining operation shall not exceed six thousand dollars (\$6,000) in the 2017–18 fiscal year and eight thousand dollars (\$8,000) in the 2018–19 fiscal year.

The bill also increased the total revenue cap to \$8 million starting with FY 2017/18. In addition, SB 209 is the bill that established the Division of Mine Reclamation (formerly Office of Mine Reclamation) within the Department of Conservation (Department) under the direction of the supervisor of Mine Reclamation.

AB 1142 added section 2207.2, which requires the supervisor to submit this report to the legislature (among many other changes regarding reclamation plans, financial assurances, and inspector training).

In 2017, SB 809 (Chapter 521, Statutes of 2017), was introduced by the Committee on Natural Resources and Water. Among many technical, non-controversial changes to various agencies, this bill cleaned up SMARA language to transfer various mining related duties currently assigned to the Director of Conservation to the supervisor of Mine Reclamation.

Data Acquisition

This report addresses the requirements of PRC section 2207.2. The data on how the moneys expended over the prior five fiscal years have been allocated was collected at the close of each fiscal year and confirmed using accounting financial statements of expenditures and revenues. Categories reflect the items requested in the statute. The data is presented in Table 2. The data on the portion of the fees that have been collected from small construction aggregate providers with under 50,000 tons of production and on the percentage of the fees that have been paid by metallic mineral operations was



queried from the SMARA III database, where annual report fee information is entered by reporting year. This data is presented in Table 3.

ABOUT THE MINE RECLAMATION ACCOUNT

Mine Reclamation Account (MRA) (Fund 0336):

The MRA was authorized with the passage of AB 3551 (Sher, Chapter 1097, Statutes of 1990). Mining operators are required to pay an annual reporting fee. Reporting fees, which are set annually by the State Mining and Geology Board (Board) to cover DMR (and other) activities in the coming year, are deposited in the MRA, as are Board administrative fees, penalties, interest, and fines. Reporting fees are based on production and commodity mined. The maximum reporting fee changed in FY 2017/18 from \$5,194 to \$6,000, increasing by \$2,000 each year until it reached \$10,000. The maximum reporting fee per mining operator is currently \$10,000 (plus cost of living increases), and the maximum amount allowable for all collected fees is \$8 million per year. This fund is the focus of this report.

Fees collected from mine operators each reporting year are deposited into the MRA for expenditure the following Fiscal Year. This fund is allocated to different divisions within the Department. The appropriation is split by program need each year between part of DMR, the Mineral Resources Program in the California Geological Survey (CGS), and the Board. Table 1 shows MRA appropriations for these three programs for the five years covered in this report:

Table 1: MRA Appropriations by Fiscal Year

	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21
DMR Appropriation	\$ 1,814	\$ 2,008	\$ 2,286	\$ 2,348	\$ 2,071
CGS Appropriation	\$ 1,181	\$ 1,405	\$ 1,800	\$ 2,080	\$ 2,240
Board Appropriation	\$ 684	\$ 594	\$ 612	\$ 870	\$ 641
Total MRA Appropriation	\$ 3,679	\$ 4,007	\$ 4,698	\$ 5,298	\$ 4,952

***Dollars in Thousands**

DMR’s MRA Funded Programs (Program 2435):

Environmental Services Unit

In conjunction with geologists, Environmental Services Unit (ESU) staff review and provide comments on reclamation plans and plan amendments and review environmental



documents prepared pursuant to the California Environmental Quality Act when appropriate. Field investigations of existing and proposed mine sites may also be conducted to evaluate the practicality of proposed reclamation. The ESU also conducts reviews of lead agencies' implementation of SMARA through the Lead Agency Review and Assistance Program to ensure effective local administration of SMARA through vetted reclamation plans, comprehensive annual mine inspections, and rigorously reviewed financial assurances. This unit consists of five permanent staff. For the purposes of this report, it was estimated that 50% of the work performed by this unit falls under Reclamation Plan and Financial Assurance Review, and 50% under Lead Agency Support and Assistance.

Reporting Unit

The Reporting Unit develops and maintains mining operation data and document processing systems, producing standardized compliance policies and procedures to ensure uniform and effective enforcement of SMARA statutes and regulations. Staff reviews annual mining operator reports for compliance and collects mine fees to cover program costs. These fees are deposited into the MRA. This unit consists of six permanent positions. For the purposes of this report, it was estimated that 60% of the work performed by this unit falls under Annual Report Processing, and 40% under Lead Agency Support and Assistance.

DMR Administration

The rest of DMR's MRA expenditures are used to help support the Department's Division of Administration (distributed overhead), facility expenses, and direct charges for DMR Legal Support. For the purposes of this report, all expenditures charged to DMR Administration (minus the amount for DMR Legal Support, below) constitute the total of other activities that constituted more than 5% of expenditures.

DMR Legal Support

The Department has one attorney allocated to spend 100% of their time on DMR legal issues. For the purposes of this report, all their expenditures fall into the category of Enforcement. All Legal expenditures are eventually directly allocated to DMR's Administration Program (above) but they are counted separately on this report.

CGS's MRA Funded Program (Program 2420):

CGS Mineral Resources Program

CGS's Mineral Resources Program (MRP) provides objective geologic expertise and information about California's diverse non-fuel mineral resources; producing maps,



reports, and other data products to assist governmental agencies, mining companies, consultants, and the public in recognizing, developing, and protecting important mineral resources. CGS has budgeted anywhere from 5.65 to 7.8 person years (PY) to their MRP over the last 5 years. Their increase in positions (and funding) was due to a FY 2018-10 BCP. For the purposes of this report, 100% of their MRP expenditures fall into the category of Mineral Resource Classification.

State Mining and Geology Board MRA Funded Program (Program 2440):

State Mining and Geology Board

The Board serves as a regulatory, policy, and hearing body representing the State's interests in geology, geologic and seismologic hazards, the conservation of mineral resources, and the reclamation of mining lands. The Board has nine members which are not paid positions (per diem only). Their portion of MRA funding supports two of their four permanent staff and Attorney General expenses incurred. For the purposes of this report, 100% of their MRA expenditures fall into the category of Support for the Board.

Note: The Board's other source of funding comes from the Bosco-Keen Renewable Resources Investment Fund (RRIF) (Fund 0940).

PRC SECTION 2207.2(a) RESPONSES TO THE LEGISLATURE

The requirements for the report are given abbreviations (in bold below) and are listed in Tables 2 and 4 below, in the same order as in the statute's language.

Current language of PRC section 2207.2(a):

*"No later than December 31, 2021, the supervisor shall report to the Legislature on the expenditure of moneys in the Mine Reclamation Account, created pursuant to Section 2207. The report shall include all of the following: (1) An overview of how the moneys expended over the prior five fiscal years have been allocated between classification and designation of areas with mineral resources of statewide or regional significance **(1a. CGS)**, reclamation plan and financial assurance review **(1b. RP&FA)**, lead agency support and assistance **(1c. LA Support)**, annual report processing **(1d. AR Processing)**, support for the board **(1e. Board)**, enforcement **(1f. Legal)**, and any other activities that constituted more than 5 percent of expenditures **(1g. Other)**. (2) Information on the portion of the fees that have been collected from small construction aggregate providers with under 50,000 tons of production **(2. % < 50,000 Tons)**. (3) Information on*



the percentage of the fees that have been paid by metallic mineral operations (3. % Metallic).”

Section 2207.2(a)(1)

Table 2: MRA Expenditures by Fiscal Year

Allocation Category	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21
1a. CGS	\$ 1,159	\$ 1,210	\$ 1,230	\$ 1,667	\$ 1,883
1b. RP & FA	\$ 150	\$ 287	\$ 263	\$ 293	\$ 267
1c. LA Support	\$ 388	\$ 527	\$ 553	\$ 593	\$ 531
1d. AR Processing	\$ 358	\$ 361	\$ 436	\$ 451	\$ 395
1e. Board	\$ 684	\$ 449	\$ 601	\$ 817	\$ 622
1f. Legal	\$ 340	\$ 238	\$ 239	\$ 247	\$ 242
1g. Other	\$ 375	\$ 442	\$ 469	\$ 567	\$ 507
TOTAL Expenditures	\$ 3,454	\$ 3,514	\$ 3,791	\$ 4,634	\$ 4,447

*Dollars in Thousands

Note: The Total Expenditures for FY 2020/21 are lower than the previous year due to COVID restrictions to travel and other spending restrictions from Executive Orders.

Section 2207.2(a)(2) and (3)

Table 3: Fees Collected by Calendar Reporting Year

Fee Category	2015	2016	2017	2018	2019
Fees < 50,000 Tons	\$ 1,471	\$ 1,349	\$ 1,365	\$ 1,582	\$ 1,481
2.% of < 50K tons	42.5%	36.5%	36.8%	31.7%	29.4%
Fees from Metallic	\$ 46	\$ 61	\$ 58	\$ 73	\$ 66
3.% for Metallic	1.3%	1.6%	1.6%	1.5%	1.3%
TOTAL all Fees Rcvd	\$ 3,462	\$ 3,697	\$ 3,707	\$ 4,993	\$ 5,043

*Dollars in Thousands

Table 3, above, depicts the amount of fees collected by operators as reported on their Annual Reports and queried from the SMARA III Database. “Construction aggregate,” for the purposes of this report, is those operators whose primary commodity was either Sand and Gravel, Rock, Stone, or Decomposed Granite. This is also listed as a percentage by dividing the total paid by operators in these four categories by the total of all fees received.



Contact Information

For more information about the Division of Mine Reclamation, visit the program webpage at [Division of Mine Reclamation](#).

For questions regarding the content of this report, contact the Department's Public Affairs Office at pao@conservation.ca.gov.

Acronyms & Abbreviations

TERM	DESCRIPTION
DMR	Division of Mine Reclamation
MRA	Mine Reclamation Account
PRC	Public Resources Code
SMARA	Surface Mine and Reclamation Act of 1975
Department	Department of Conservation
Board	State Mining and Geology Board
CGS	California Geologic Survey
ESU	Environmental Services Unit

ⁱ Former Governor Edmund G. Brown Jr. signing message in response to SB 447 (Lara) on Sept 28, 2013. https://www.ca.gov/archive/gov39/wp-content/uploads/2017/09/SB_447_Signing_Message.pdf

